



## ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

**Ernie Fletcher**  
Governor

**Teresa J. Hill**  
Secretary

Capital Plaza Tower  
500 Mero Street, 5<sup>th</sup> Floor  
Frankfort, Kentucky 40601  
Phone: (502) 564-5525  
Fax: (502) 564-3354  
[www.eppc.ky.gov](http://www.eppc.ky.gov)

### NEWS RELEASE

**Contact:** Sandy Focken  
(502) 582-5911  
Nikki Ploskonka  
(502) 564-5525

## **TWO IN BOWLING GREEN INDICTED ON ILLEGAL GAMBLING CHARGES** *Commander of VFW Post 1298 allegedly stole money, set fire to post*

BOWLING GREEN, Ky. (Nov. 9, 2006) – The Kentucky Office of Charitable Gaming (OCG) today announced the indictment of Donald Mudd and Martha Towe on gambling-related charges. Mudd was also charged with arson.

From Jan. 1, 2000 to Aug. 13, 2003, Mudd and Towe allegedly operated an illegal gambling business and conspired with each other to launder funds derived from the illegal business. Mudd is commander of VFW Post 1298 in Bowling Green, a registered 501(c)(3) organization permitted to operate charitable gaming.

The indictment charges that Mudd and Towe had semiweekly charitable gaming at Post 1298, including bingo and pull tabs, but that Mudd also owned and operated illegal video slot machines at Post 1298. The indictment also alleges that Mudd and Towe pocketed money from pull tab sales.

The indictment further charges that Mudd and Towe conspired to conceal the proceeds of the illegal gambling. They allegedly committed money laundering by structuring multiple financial transactions for the purpose of evading cash reporting requirements.

The indictment charges Mudd with arson for allegedly burning down Post 1298 on or about Aug. 13, 2006. Mudd also is charged with devising a scheme to defraud an insurance company by providing false and fraudulent representations regarding the fire. Mudd certified on a sworn statement in proof of loss for \$246,688 that “the said loss did not originate by any act, design or procurement on the part of your insured, or this affiant.”

**-more-**

## **ILLEGAL GAMBLING BUSINESS, ARSON, Page 2**

Westport Insurance Corp. issued a check in the amount of \$246,688 to Post 1298, but Mudd diverted the money for his personal benefit, the indictment alleges. The insurer also issued a check to Post 1298 in the amount of \$16,822.16 for reimbursement of losses caused by business interruption resulting from the fire.

The case is being prosecuted by Assistant U.S. Attorney Eric I. Long, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Internal Revenue Service Criminal Investigative Division, the Bowling Green Fire Department and the OCG.

OCG is an agency of the Department of Public Protection in the Environmental and Public Protection Cabinet. It was created to provide a regulatory framework allowing charitable gaming to thrive as a viable fundraising mechanism. The office helps to ensure the productivity of charitable gaming through appropriate regulation, oversight and education.

-30-